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Commercial Real Estate

## Portland logs 'highest vacancy rate of any downtown office market in the entire country': report



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Portland's central business district ended 2023 with "the highest vacancy rate of any downtown office market in the entire country at 30.2%," according to a new report from real estate brokerage Colliers.

SAM GEHRKE



By **Jonathan Bach** – Staff Reporter, Portland Business Journal  
Mar 25, 2024

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Portland's central business district ended 2023 with "the highest vacancy rate of any downtown office market in the entire country at 30.2%," according to a new report from

real estate brokerage Colliers.

City officials have been trying to get more companies to locate in the urban core. City Hall last September **rolled out a business tax incentive** for many companies that sign or extend downtown offices leases, an incentive council members expanded into other parts of downtown earlier this year.

But the **report from the local office of Colliers**, which calls 2024 "an inflection point," underscores how big their task remains.

The warning about high office vacancy "follows 15 consecutive quarters of negative net absorption market-wide and virtually no inbound demand for office space downtown," Colliers reported. Absorption is a common industry measure of leasing activity that describes whether space is being used – "absorbed" – or not.

The report echoes, with slight variation, comments from real estate analyst John Chang from Marcus and Millichap. At a January economic forecast breakfast, Chang said downtown Portland had the third-worst real estate metrics in the country, **calling out the apartment and office markets in particular**.

Colliers, meantime, said that the recent completion of the 11W and Block 216 towers marked the end of downtown Portland's pre-Covid speculative office building construction. The only such projects now are across state lines in Southwest Washington. The "diminishing development pipeline" should benefit the office market, according to Colliers. The thinking goes that existing buildings can take in tenants without new developments further saturating the market.

THE LIST

# Largest Commercial Real Estate Firms in the Portland Metro Area

Metro brokers

Rank	Prior Rank	
1	1	Kidder Mathews
2	2	Capacity Commercial Group
3	3	CBRE Inc.
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